

Message Text

LIMITED OFFICIAL USE

PAGE 01 STOCKH 06331 01 OF 02 130838Z

11
ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/101 W

----- 091467

R 121459Z NOV 76
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 9149
INFO AMEMBASSY BONN
AMEMBASSY COPENHAGEN
USMISSION EC BRUSSELS
AMEMBASSY PARIS
USMISSION OECD PARIS UNN
AMEMBASSY BRUSSELS UNN
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY OSLO
AMEMBASSY HELSINKI
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 STOCKHOLM 6331

E.O. 11652: N/A
TAGS: MTN, SW
SUBJECT: DISCUSSIONS WITH SWEDISH OFFICIALS ON MTN

SUMMARY. VISIT BY STR REPS TO DISCUSS US TARIFF-CUTTING
FORMULA PROVIDED OPPORTUNITY TO HEAR INTERESTING OVERVIEW
OF SWEDISH APPROACH TO MTN. ALTHOUGH THE SWEDES WERE ESSEN-
TIALY NON-COMMITTAL TOWARD PRESENTATION OF DATA ON SWEDISH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STOCKH 06331 01 OF 02 130838Z

EXPORTS TO THE US, AND ARE UNCOMMITTED AS TO WHICH TARIFF-

CUTTING FORMULAE THEY WILL FAVOR, THEIR OBVIOUS DETERMINATION TO BRING ABOUT SIGNIFICANT TARIFF REDUCTIONS WAS ENCOURAGING. ON THE WHOLE, DISCUSSIONS BY GOVERNMENT OFFICIALS MIGHT INDICATE THAT THEY ARE LEANING TOWARD ONE OF THE EUROPEAN FORMULAE ON THE GROUNDS THAT THE US SUGGESTION WOULD NOT PROVIDE SUFFICIENT HARMONIZATION OF TARIFFS. WE ARE POSITIVE, HOWEVER, THAT THEY HAVE NOT YET MADE A DECISION. END SUMMARY.

1. MESSRS. MCNAMARA AND BALE, OF MTN DELEGATION IN GENEVA VISITED STOCKHOLM ON NOVEMBER 11 IN ORDER TO BRIEF KEY SWEDES ON IMPACT OF US FORMULA ON SWEDISH EXPORTS TO THE US. THEY MET WITH A VARIETY OF REPRESENTATIVES OF SWEDISH INDUSTRY AND WITH KEY OFFICIALS FROM MINISTRIES OF FINANCE, TRADE AND FOREIGN AFFAIRS AND FROM BOARD OF TRADE.

2. MEETING WITH PRIVATE SECTOR OFFICIALS WAS WELL RECEIVED BY SWEDES, WHO ASKED FOR 1975 DATA AS FOLLOW-UP TO MATERIAL PRESENTED BY STR TEAM.

3. MEETING AT FOREIGN MINISTRY TURNED INTO SWEDISH PRESENTATION OF THE FRAMEWORK WITHIN WHICH SWEDES ARE APPROACHING MTN NEGOTIATIONS. THE SWEDES INSISTED, FIRST OF ALL,

THAT THEY DID NOT, AS OF NOW, HAVE A PREFERENCE FOR ANY OF THE TARIFF-CUTTING FORMULAE PRESENTED TO DATE. RYDBERG, MINFINANCE, THEN PROCEEDED TO GIVE A CONCISE DESCRIPTION OF THE FIVE KEY ELEMENTS OF THE SWEDISH MTN POSITION (PARAS 4 THROUGH 8 BELOW). GENERAL COMMENTARY ALSO PROVIDED SOME INTERESTING INSIGHTS INTO SWEDISH ATTITUDE TOWARD NEGOTIATING TACTICS.

4. PROTECTION OF FUTURE SWEDISH NEGOTIATING POWER. THE SWEDES ACTUALLY FAVOR COMPLETE ELIMINATION OF TARIFFS. THE IMPOSSIBILITY OF ACHIEVING THIS GOAL IN CURRENT NEGOTIATIONS HAS NOT CHANGED THEIR LONG TERM GOALS, BUT HAS DICTATED THAT THE SWEDES MUST PROTECT THEIR NEGOTIATING POWER FOR FUTURE ROUNDS. ACTUALLY, ONLY TEN PERCENT OF SWEDISH IMPORTS ARE DUTIABLE DUE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STOCKH 06331 01 OF 02 130838Z

TO SWEDISH MEMBERSHIP IN EFTA AND TO ARRANGEMENTS WITH THE EC AND LDC NATIONS (THE LATTER AS OF JULY 1977). IMPORTS IN THE ENGINEERING SECTOR ARE GENERALLY TAXED AT FOUR TO SEVEN PERCENT AND ONLY A FEW TARIFFS EXCEED SEVEN PERCENT. THE ONLY ECONOMICALLY SIGNIFICANT TARIFFS, ACCORDING TO RYDBERG, ARE IN THE TEXTILE, GARMENT AND SHOE SECTORS, WITNESS QUOTAS, BILATERAL AGREEMENTS AND MULTIFIBER AGREEMENT. ON THE EXPORT

SIDE, SWEDISH INTEREST IS CONCENTRATED LARGELY IN THE FIVE TO FIFTEEN PERCENT DUTY INTERVAL RANGE, FOR IT IS IN THAT RANGE IN WHICH SWEDISH EXPORTS ARE GENERALLY TAXED.

5. HARMONIZATION. THE SWEDES BELIEVE A SIGNIFICANT HARMONIZATION OF TARIFFS SHOULD RESULT FROM THE MTN FOR ECONOMIC REASONS AND BECAUSE THAT IS THE BEST BASIS FOR ESTABLISHING RECIPROCITY. THE LATTER IS CONTRIBUTORY TO THE PRIMARY SWEDISH INTEREST IN HARMONIZATION: TO REDUCE DEMANDS FOR EXCEPTIONS. ON THESE GROUNDS ALONE, THE SWEDES PREFER OTHER FORMULAE TO THAT OF THE US. THEY SEE ONLY A SLIGHT HARMONIZATION EFFECT IN THE US PROPOSAL, AND MAINTAIN THE US FORMULA IS ONLY A SLIGHT AVRIATION FROM THE LINEAR APPROACH. NATURALLY THE SWEDES HAVE GREATEST DIFFICULTY WITH THE EFFECTS OF THE US FORMULA ON TARIFFS IN THE ZERO TO 6.67 INTERVAL RANGE, AS IT IS THAT RANGE IN WHICH THE FORMULA YIELDS MOST DIFFERENT RESULTS FROM THE EC FORMULA AND ALSO IN WHICH MOST SWEDISH DUTIES ARE FOUND.

6. SIGNIFICANCE. THE SWEDES BELIEVE SIGNIFICANT AVERAGE REDUCTIONS IN DUTIES IN ALL SECTORS SHOULD BE ACHIEVED. WITHIN THE IMPOSITIONS OF THE NEED FOR HARMONIZATION, CUTS SHOULD BE AT LEAST AS GREAT AS THOSE OF THE KENNEDY ROUND. AT THIS STAGE, THE SWEDES DO NOT SEE A SIGNIFICANT DIFFERENCE BETWEEN THE EC FORMULA AND THE US FORMULA, EITHER ON THE BASIS OF THE FIGURES PRESENTED BY STR, OR FROM THEIR OWN STUDY. THIS IS ESPECIALLY TRUE IN THE 10 TO 20 PERCENT RAREA IN WHICH SWEDISH EXPORTS ARE LIKELY TO BE LOCATED: ALL FORMULAE ARE ESSENTIALLY WITHIN THE SAME BALL PARK IN THE LATTER TARIFF INTERVAL.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STOCKH 06331 01 OF 02 130838Z

7. OPPOSITION TO EXCEPTIONS. THE SWEDES DO NOT WISH TO INVOKE INTIAL EXCEPTIONS. THEY DO SEE THE NEED, HOWEVER, FOR SOME SMALL NATIONS WITH LESS DIFFERENTIATION IN EXPORTS TO SEE EXCEPTIONS. THESE NATIONS WOULD EVIDENTLY NOT INCLUDE THE NORDIC COUNTRIES IN THE SWEDISH VIEW.

8. NO SPECIAL LDC CONCESSIONS. ANY CONCESSIONS TO THE DEVELOPING NATIONS SHOULD BE GRANTED WITHIN GSP FRAMEWORK, NOT DURING MTN NEGOTIATIONS. SWEDES UNDERSTAND THIS IS IN ACCORD WITH THE US POSITION THAT THE LATTER IS NOT PREPARED TO PUT FORWARD NON-LIBERALIZING SUGGESTIONS AIMED AT HELPING LDC'S

9. IN GENERAL COMMENTARY, THE SWEDES TATED THAT THEY

HAVE DONE EXTENSIVE RESEARCH OF THEIR OWN ON THE NATURE OF SWEDISH EXPORTS, AND HAVE QUERIED SWEDISH INDUSTRY AS TO WHAT EXPORTERS THINK ABOUT THE FUTURE OF THEIR EXPORTS. THE RESULTS OF INTEREST IN PRESENT DISCUSSIONS ARE ESSENTIALLY THREE-FOLD. THE SWEDES ARE PRIMARILY INTERESTED NOT IN AVERAGE TARIFF RATES, BUT IN KNOWING WHICH EXPORTS FACE HIGH TARIFFS AND WHICH FACE LOW TARIFFS. THEY ARE ALSO INTERESTED NOT JUST IN CURRENT, OR IN 1974 OR 1975 EXPORT DATA, BUT IN ESTIMATING POTENTIAL EXPORTS WHICH NOW FACE PROHIBITIVE TARIFFS, AND WHICH MIGHT BE EXPORTED AFTER TARIFF CUTS. FINALLY, SWEDISH INDUSTRY IS PRIMARILY INTERESTED IN EXPANDING "OVERSEAS MARKETS, E.G. NON-EC, EVEN IF THIS MEANS THAT THEY WILL LOSE SOME PREFERENTIAL ADVANTAGE IN THE EC. EXPORTERS ARE APPARENTLY WILLING TO SIMPLY MAINTAIN THEIR MARKETS IN EUROPE IN RETURN FOR A CHANCE TO EXPAND EXPORTS ELSEWHERE.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 STOCKH 06331 02 OF 02 130829Z

11

ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/101 W

----- 091331

R 121459Z NOV 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9150

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

USMISSION EC BRUSSELS

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY BRUSSELS UNN

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY OSLO
AMEMBASSY HELSINKI
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 STOCKHOLM 6331

10. BRATTSTROM, MINFOREIGN AFFAIRS, ALSO ASKED WHAT TACTICS THE USG BELIEVED SHOULD NOW BE FOLLOWED IN THE NEGOTIATIONS. WHAT KIND OF FORMAL OR INFORMAL CONTACTS SHOULD NOW BE INITIATED? HE SEEMED TO BE INDICATING THAT SWEDEN, AS A PARTY OUTSIDE THE PRINCIPAL US AND EC BLOCKS, FORESEES SOME ROLE FOR ITSELF AS AN INTER-MEDIARY. HE ALSO RAISED THE QUESTION OF WHETHER THE US MIGHT FIND IT POSSIBLE TO ACCEPT A FORMULA FOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STOCKH 06331 02 OF 02 130829Z

TARIFF CUTS WITHOUT SPECIFYING COVERAGE (READ INCLUSION OR EXCLUSION OF AGRICULTURE). SIMILARLY, COULD THE US BE WILLING TO AGREE ON A FORMULA FIRST, THEN TAKE UP EXCEPTIONS LATER? BRATTSTROM'S INTEREST IN PROPOSING THESE QUESTIONS WAS CLEARLY DICTATED BY HIS BELIEF THAT THE LONGER NEGOTIATIONS DRAG ON, THE MORE DIFFICULT IT WILL PROVE TO MAKE PROGRESS.

11. AFTER SPECIFIC DISCUSSIONS ON MTN, BALE PROCEEDED WITH CONTROL OFFICER TO DISCUSSIONS WITH ECONOMIC RESEARCH INSTITUTE AND STOCKHOLM UNIVERSITY PROFESSOR ON GENERAL ECONOMIC OUTLOOK IN SWEDEN. EXPERTS GENERALLY CONFIRMED EMBASSY'S OPINION THAT SWEDES ARE BECOMING MORE PESSIMISTIC ABOUT ECONOMIC OUTLOOK FOR 1977. THIS PESSIMISM IS LARGELY BASED ON DEVELOPMENTS ABROAD WHICH ARE CRUCIAL FOR SWEDEN, NOW AWAITING EXPORT-LED RECOVERY FROM THE CURRENT SLUMP. EXPERTS ALSO SEEMED TO BELIEVE THAT SLOWER GROWTH IN 1977 MIGHT WELL ADD TO THE DIFFICULTIES IN MTN NEGOTIATIONS.

12. EMBASSY WOULD ALSO LIKE TO DRAW ATTENTION TO PRESS REPORTS THAT MINISTER OF TRADE BURENSTAM-LINDER HAS TOLD EFTA MEETING IN LISBON THAT QUOTAS ON SHOE IMPORTS SHOULD BE REMOVED. HE REPORTEDLY STATED THAT THE SWEDISH GOVERNMENT WILL BE ACTING EARLY NEXT YEAR TO PROVIDE ASSISTANCE TO THE SHOE INDUSTRY IN SWEDEN IN ORDER TO ASSURE THAT ESSENTIAL CAPACITY TO MEET SECURITY NEEDS WILL NOT BE LOST. EMBASSY INTERPRETS THIS AS SWEDISH DESIRE TO MOVE AWAY FROM PROTECTION IN FAVOR OF MEASURES TO INCREASE EFFICIENCY AND ABILITY TO COMPETE.

13. OFFICIALS WITH WHOM TEAM MET: MINFOR AFF: BRATTSTROM, DEPUTY UNDER SECRETARY; MINTRADE: MANNHUSEN, DIV. CHIEF FOR GATT MATTERS AND LILLIEHOOK, DIVISION DIRECTOR FOR NORTH AMERICA; MINISTRY OF FINANCE: RYDBERG, DEPUTY UNDER SECRETARY, ERICSSON, DIVISION CHIEF AND RYDBERG'S DEPUTY; BOARD OF TRADE: KLEEN, BUREAU DIRECTOR. ON PRIVATE SIDE: FEDERATION OF SWEDISH INDUSTRIES: RELAND, HEAD OF SECTION; SWEDISH EXPORT COUNCIL: CEDERBALK, DIR. OF TARIFF AND TRADE DEPARTMENT AND LEIJERFELT, HEAD OF CUSTOMS SECTION; ASSOCIATION OF METALWORKING AND ENGINEERING INDUSTRIES: LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STOCKH 06331 02 OF 02 130829Z

WOLKE, TRADE POLICY EXPERT; ASSOCIATION OF CHEMICAL INDUSTRIES: MOLIN, DIRECTOR; IRON AND STEEL WORKS' GENERAL ASSOCIATION: VONDELWIG, DIRECTOR OF ECONOMIC AFFAIRS; KONJUNKTUR INSTITUTE: PERSSON AND MALMBERG, INDUSTRY FORECASTING; STOCKHOLM UNIVERSITY: WIJLMAN. SMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, POLICIES, DIPLOMATIC DISCUSSIONS, TARIFFS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STOCKH06331
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760424-1017
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761152/aaaabstj.tel
Line Count: 299
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2004 by ElyME>; APPROVED <30 JUL 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DISCUSSIONS WITH SWEDISH OFFICIALS ON MTN SUMMARY. VISIT BY STR REPS TO DISCUSS US TARIFF-CUTTING FORMULA PROVIDED OPPORTUNITY TO HEAR INTERESTING O
TAGS: ETRD, SW, US, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006